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INFORMATION REPORT

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COUNTRY Belgium

SUBJECT Van Zeeland's Statement on Uranium and Comments

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1. "Belgium is a cagey place about all information; on uranium she has always been so top-secret as to be almost fury. There have, however, been political pressures -- as often Communist as anything else -- to the effect that she isn't getting enough out of the Congo sales to US and UK. Ministers always talk vaguely in reply. Foreign Minister Paul Van Zeeland, however, made a fairly circumstantial statement in the Chamber last week.

2. "Van Zeeland said in his speech that the uranium sale agreement was made in 1944, under the stress of war conditions (common objective and all that). From 1948 onwards various attempts had been made on the Belgian side to negotiate an improvement in what they get out of it; and he, van Zeeland, had himself sponsored some of these negotiations. Some results had been achieved, but he was still far from satisfied. He did not say how long the agreement runs; but he mentioned specifically it has not run out yet. In some of the negotiations he thought 'our partners' had been applying the terms of the agreement too restrictively (against Belgium); but the agreement was there, signed and sealed, and Belgium had always stuck to her bargain and always would. He was at great pains to emphasize Belgium's faithfulness to her agreements, rather as though he were speaking to a non-Belgian audience.

3. "He then talked about his attitude if it should be a question of amending the agreement or scrapping it and making another. He mentioned specially that the original, war-inspired, agreement had never contemplated uranium being used for anything but a warlike use. The possibility of commercial and peaceful application had not been envisaged (and, by implication, greatly changed Belgium's attitude on the matter of sales). Later in his speech he recounted various semi-experimental commercial uses such as central heating and operating a submarine to show how near we are to commercial uses being practicable.

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4. "In his view, he said, there should be two main features in the reconstructed agreement. First, it should be a 'partnership' agreement (he used the English word) among equals and with partners treated equally. Secondly, he said, it should provide for Belgium to have the advantage 'of what I will call the Most Favored Nation Clause'. He didn't say what he meant by the latter. Further, in matters so new and so surprise-producing, engagements should be taken on 'relatively short' terms taking account of the requirements of the matter.
5. "He went on to say Belgium is not behindhand in either nuclear research or preparations for economic application. It has three great organisms, its own Inter-University Institute for N. research; its membership of the European N. Research Center; its own Center for Applications of N. Research. The last is in charge of the new Reactor to begin building in April on its 600-acre site at Mol, for which purpose it has uranium and it has nuclear-pure graphite. 'It will permit us to obtain right away the same information as the British piles GLEEP an' BEPC'.
6. "Van Zeeland went on to state certain things which he afterwards said were 'facilities and exceptional privileges which accrue to Belgium from the 1944 agreements and the amendments we have managed to introduce'. These advantages appear to be (1) that plans for Mol were discussed in detail with technicians of the partner countries in these agreements; (2) Big teams of Belgian engineers and physicists have taken courses on reactor technology 'given in Belgium by friendly specialists'; (3) The Belgian team of specialists has been able to work 'for months' in 'one of the most advanced laboratories in the territory of one of our partners'. The language would also be consistent with including (4) possession of the graphite and uranium; but note the graphite doesn't seem to show in the import statistics. He speaks of the specialist team as 'charged with building reactors' (plural). He also said that the Belgian 'researches and efforts' have been financed and will continue to be financed for some years yet by Belgium's supplies of uranium.
7. "There is obviously some degree of international political awkwardness on the subject. First we have the point that Belgium is saying, through van Zeeland, that uranium is no longer purely strategic and should be paid for commercially, which presumably means at a higher direct or indirect price. Secondly there came, almost immediately afterwards, a Reuter piece to the effect that uranium developments in Australia and the South African Union had progressed so far that Britain might no longer need Congo uranium and the revised agreement would perhaps be limited to US and Belgium. Immediately after this, the Belgian semi-official news-agency put out an obviously inspired piece to say it is to be noted that van Zeeland had made no reference to any such limitation.
8. "The possibility of world over-production of uranium, at least in relation to immediate utilization possibilities, obviously can't be ruled out. This is a main point of comment here, especially in quarters and newspapers close to the Government. Points arising are (1) where Belgium will stand if the western world is less dependent on Congo uranium; (2) what difference it will make to the Congo; (3) what they'll do about it.
9. "As regards (2), I doubt if it will make much difference. Shinkolobwe has been a local prosperity center; but labor is urgently needed for development (10-year plan) tasks and is indeed partly imported from Ruanda Urundi. Apart from this, it is my impression (very strongly) that Belgium, rather than the Congo, has had the economic benefit. It is again my impression there was a definite change of policy when Spaak was replaced at Foreign Affairs by van Zeeland. I fancy - conjecturally - Spaak used the cheapness of Congo uranium as a lever for borrowing dollars whenever he wanted; van Zeeland, almost certainly, has gone for more direct consideration and has had to concentrate on getting it in the form of scientific facilities and subsidies. At the present juncture he wants to get more for his uranium, sees that the world can't scrap Shinkolobwe but, seeing a phase ahead in which Belgium is

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a weak bargainer, won't commit himself too far in advance. In his eyes, and possibly rightly, the advantage of 1944 agreement has been prestige-promotion, seeing that Belgium has been able to keep her place among the European nations pushing nuclear science and applications and to do so at the Congo's expense (note sardonically: Belgium seldom pays for her own investments if she can help it; if it can't be Uncle Sam it may as well be the Congo). This, at any rate, seems consistent with facts and expressions so far.

10. "Point (3) however, may raise deeper questions. A report is current -- though utterly in the air, it has been echoed in part of the Flemish right-wing press -- that they may form a special Board for dealing with sales of strategic materials from the Congo. The apparent idea is to link uranium with copper and industrial diamonds. I don't know what games they can play with copper; but as regards diamonds it is a known fact that Belgium has long been kicking against the world organization of the Diamond Corporation (de Beers). I'm not at the bottom of the facts but, as I see it, we have two interests at stake, the Congo producers and the Antwerp diamond cutting industry. Antwerp regularly complains she doesn't get enough rough gem stones for cutting, and usually suggests D.C. is unduly nursing the new cutting industry in Israel. The cry is 'Belgian stones for Belgian cutters', suggesting the Congo should be able to supply stones direct to Antwerp rather than through Holborn Viaduct, and that the amount supplied should be purely an Antwerp-Congo matter. This, of course, fits ill with the D.C. market-regulating activity, quite apart from whether there is any favoritism for other buyers.
11. "The detail, however, is almost certainly complex. The Congo is the world's biggest producer of industrial diamonds; and I'm not sure whether her production of gem-stones would be enough for the Antwerp appetite. The arrangement whereby all stones pass through Holborn is, however, contractual and I understand it comes up for review and renewal in 1955. What the Belgians would obviously like to be able to do would be to make Congo plus Antwerp into a separate producing-and-preparing unit, independent of D.C. though perhaps making a separate gentlemen's agreement with D.C. just to show they are that big. They would certainly need to be sure they couldn't be kept out of the US market for cut gems before virtually declaring war. Meantime there is the potential threat of making difficulties about the supply of industrial diamonds to customers they don't like; and there is the probably fairly sound argument that the diggings can't continue supplying the world's need of boat and industrial stones if they're constantly being hampered by output restriction covenants on gem stones. In all this they would, of course, be able to make a strong appeal to the renowned trust-busting enthusiasm of the American people and their elected representatives.
12. "Admittedly a lot of this last part is conjecture, but the obvious argument that industrial diamonds can be sold only to customers for our warranted up-to-date fissionable material would be a cosy reminder of wartime domestic shopping. These are certainly cards van Zeeland could play with skill and finesse. At present, with a general election in nearby prospect, he is appealing for the potent support of the Societe Generale, which has been rather reluctant about it. Soc. Gen. controls (virtually) Union Miniere (copper and uranium) and Forminiers (the main diamond digger)."

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